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MILESTONES IN MARKETING

in the U.S. Department of Agriculture

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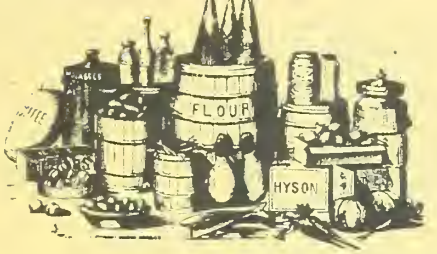

MILESTONES IN MARKETING

in the U.S. Department of Agriculture

Agricultural marketing has grown up in the twentieth century. Farmers, industry, and government -- working together -- have built a remarkable marketing system for farm products in the last 50 years.

The history of agricultural marketing in the Federal Government includes many "firsts" in legislation, programs, and organization.

In 1913, Congress appropriated $50,000 "to acquire and to diffuse among the people of the United States useful information on subjects concerned with the marketing and distributing of farm products. . . ." Under this authority the Chief of the Office of Markets, Mr. Charles J. Brand, was appointed on May 16, 1913. This was the start of the first marketing agency in the U. S. Department of Agriculture.

This chronology of agricultural marketing is presented as a record of the principal steps taken by the Federal Government to help improve agricultural marketing. The events listed here are confined to those activities and programs now in the Agricultural Marketing Service.

Today, the Agricultural Marketing Service administers programs of grading, inspection, and standardization to provide adequate measures of quality for all major farm commodities and to assure wholesomeness of foods; a nation-wide system of market news reporting to provide current market information to farmers and others; research in market quality, transportation and facilities, and insect control on stored products; regulatory programs to help assure fair trading practices, proper labeling of seed and storing of farm commodities, and maintenance of competition in the market place; food distribution programs to make our food abundance available to our schools and institutions and to needy persons both at home and abroad; and food management responsibilities under the nation's civil defense program.

FORERUNNERS

One of the earliest activities of the Federal Government related to marketing -- forerunner to the formal organization of marketing work -- was the collection and distribution of agricultural statistics. This program was started in 1839 when Congress granted a request from the Commissioner of Patents for permission to use $1,000 of his appropriations to collect and distribute free seeds and agricultural statistics.

The next major step was creation of the U. S. Department of Agriculture by an act of Congress on May 15, 1862, "to acquire and to diffuse among the people of the United States useful information on subjects connected with agriculture, in the most general and comprehensive sense of the word, and to procure, propagate,

and distribute among the people new and valuable seeds and plants."

Among present-day marketing programs, one of those to receive earliest attention was market quality research, which began to develop around the turn of the century. A refrigerator car suited to the transportation of fruits and vegetables and an icing service had been developed about 1890. And in 1900, industry and government demonstrated the use of proper refrigeration in shipping oranges from California and apples from 17 States for continuous exhibit at the Paris Exposition. By 1908, the Department of Agriculture had conducted studies on transportation and storage of oranges which helped to remove the chief hazard to successful marketing of citrus fruits.

Grading and inspection of grain also received the attention of Federal officials early in the 1900's. The Department of Agriculture began the study of grain grading and inspection problems in 1901, and in the Appropriation Act for the 1907 fiscal year, Congress provided funds to permit the Department of Agriculture to start a voluntary inspection service on grain.

Continuing its early interest in seeds, Congress provided funds in 1904 for the Department of Agriculture to obtain open-market samples of certain seeds, to test these for adulteration, and to publish results of the tests. This was followed by the Seed Importation Act of 1912 which restricted importation of the principal forage crop seeds on the basis of weed seed content and pure seed percentage.

Inspection and grading of other farm commodities received increasing attention as Congress authorized Federal inspection of dairy products for export in 1908, and in the same year included in the Appropriation Act for the 1909 fiscal year authorization for the Department of Agriculture to undertake systematic work in cotton standardization.

Then came the establishment in 1913 of the first marketing agency in the Department of Agriculture. This proved to be the principal starting point for the 50 years of progress in marketing that followed.

CHRONOLOGY OF AGRICULTURAL MARKETING

in the U.S. Department of Agriculture

1913 Congress appropriated funds ($50,000) "to acquire and to diffuse among the people of the United States useful information on subjects connected with the marketing and distributing of farm products...." and suggested four subjects for study: organized marketing, market news service, methods and costs of distribution, and transportation problems of specific localities.

1913 An Office of Markets--USDA's first marketing agency--was established in the Department of Agriculture May 16. This marked the formal beginning of organized marketing programs in the Federal Government.

1914 United States Cotton Futures Act, approved August 18, authorized official cotton standards, settlement of disputes in cotton classification by USDA, and designation of bona fide spot cotton markets for cotton price quotations. (This Act was declared unconstitutional but was re-enacted August 11, 1916.)

1914 Official standards for grades of American upland cotton were established to replace earlier permissive standards.

1914 Office of Markets and the Rural Organization Service were merged July 1 to become Office of Markets and Rural Organization.

1915 First USDA market news report was issued March 27 at Hammond, La. It reported prices and movement of strawberries.

1915 A market news service for fruits and vegetables was established in the Office of Markets and Rural Organization. Six year-round reporting

offices were opened to cover the terminal markets at New York, Chicago, St. Louis, Kansas City, Buffalo, and Baltimore, plus seven seasonal shipping point reporting stations.

1915 Daily reports on price quotations in the bona fide spot cotton markets were begun on August 16. (This is the oldest daily national report currently being published in the Department.)

1915 Studies were made of precooling to prevent decay in red raspberries. (This was the beginning of research that has seen precooling become an established practice.)

1916 U.S. Grain Standards Act, approved August 16, authorized official standards for grain and required inspection of grain sold by grade in interstate or foreign commerce.

1916 Official standards for corn--USDA's first grain standards--became effective December 1.

1916 Cooperation with States in marketing work was authorized and provided for by an item in the agricultural appropriation act on August 11.

1916 U.S. Warehouse Act, approved August 11, authorized licensing, bonding, and inspection of public warehouses storing agricultural products.

1916 U.S. Standard Container Act of 1916, approved August 31, established capacities for baskets used for certain agricultural products and required compliance with these capacities.

1916 Cotton Futures Act, which was first passed in 1914 and declared unconstitutional, was reenacted to authorize Federal classing of cotton and exemption of futures cotton from tax if it is so classed.

1916 Daily reporting of carlot shipments of fruits and vegetables on a national basis was inaugurated by the Market News Service.

1916 Seed Importation Act of 1912 was amended to establish a minimum requirement for live seed percentage on imported seed.

1917 Office of Markets and Rural Organization was reorganized July 1 to become the first Bureau of Markets in the Department.

1917 USDA's official standards for wheat became effective July 1.

1917 Bureau of Markets established the first market disease laboratories in New York and Chicago.

1917 Studies of apple scald showed that use of oiled paper wrappers was a successful method of control (since used commercially throughout the world).

1917 Food Production Act, approved August 10, authorized inspection and market news services on farm products during World War I.

1917 A market news service on dairy and poultry products, financed entirely by war emergency funds, was started September 1.

1917 U.S. grade standards for potatoes were issued September 10. This was the first official grade standard issued by USDA for a fruit or vegetable.

1917 U.S. Inspection Service for fresh fruits and vegetables was established by the Bureau of Markets with inspection offices in ten of the larger markets.

1917 Reporting of wholesale meat markets was initiated at Boston, New York, and Philadelphia.

1918 First livestock market news reports were issued at Chicago.

1918 A Presidential proclamation June 18 required stockyards and livestock dealers to be licensed. This was the first Federal regulation of livestock market practices.

1918 Official cotton standards were established for American-Egyptian cotton, Sea Island cotton, and length of staple.

1918 Railroad Administration adopted improvements for refrigerator car design developed by USDA in research started in 1905.

1918 Bureau of Markets issued first publication on suitable storage of perishable food products.

1919 Companion bulletins were issued on market diseases of fruits and market diseases of vegetables (forerunners of present manuals on these subjects).

1919 The first U.S. standards for grades of butter were issued.

1919 United States Cotton Futures Act was amended March 4 to require classing by USDA of all cotton delivered in settlement of futures contracts.

1919 Weekly cotton market news reports on prices and market conditions were started at Charlotte, Atlanta, New Orleans, Memphis, and Dallas.

1920 Practical procedures were developed for flour mill fumigation to control insects.

1921 Bureau of Markets and Bureau of Crop Estimates were combined to become Bureau of Markets and Crop Estimates, July 1.

1921 Packers and Stockyards Act, approved August 15, authorized Secretary of Agriculture to regulate meat packers and livestock trading practices at public markets with an area of 20,000 square feet or more.

1921 First Federal-State cooperative agreement for inspection of fresh fruits and vegetables was signed by Department of Agriculture with State of Washington.

1921 First market news radio report was broadcast May 21 over Station KDKA, Pittsburgh.

1922 First Bureau of Agricultural Economics was established July 1 to take over work of Bureau of Markets and Crop Estimates, and of Office of Farm Management and Farm Economics.

1922 Cooperative Federal-State Inspection Service was organized for conducting shipping point inspection work on fresh fruits and vegetables.

1923 United States Cotton Standards Act, approved March 4, authorized cotton standards and a cotton classing service on a fee basis.

1923 The first U.S. standards for grades of cheddar cheese were issued.

1923 USDA published the first tentative classes, standards, and grades for shell eggs in April.

1923 The Naval Stores Act, approved March 3, authorized official standards for naval stores; official methods for analysis, inspection, and grading; and regulation of labeling, advertising, and packing of these products.

1924 Official standards for grades of American upland cotton were made Universal Standards by the Universal Cotton Standards Agreement between USDA and cotton associations and exchanges in major cotton importing and consuming countries.

1925 A portable pressure tester was introduced. (This has since become a standard instrument throughout the world for measuring firmness (ripeness) of apples and pears. An improved version of this tester developed recently by the Department is known as the "mechanical thumb.")

1926 Official standards for cotton linters became effective August 1 and a classing service on a fee basis was established December 11.

1926 Seed Importation Act of 1912 was amended to prohibit shipment in interstate commerce of any falsely and fraudulently labeled seeds, and to require that all imported seed of alfalfa and red clover be colored to indicate the degree of adaptability to a particular climate.

1926 USDA published, in December, regulations on inspection and certification of live poultry.

1927 Federal inspection of eviscerated poultry was started on a voluntary basis.

1927 Seed Verification Service was established to verify the origin of domestic alfalfa and red clover seed.

1927 Cotton Statistics and Estimates Act of March 3 provided for annual August 1 report and other periodic reports on estimates of grade and staple length of cotton carryover and current crop.

1927 Federal grading of beef was initiated in response to a request from the Better Beef Association.

1927 Produce Agency Act, approved June 30, prohibited fraudulent practices in consignment and disposal of perishable farm produce.

1927 USDA conducted intensive tests on methods and materials for removing lead-arsenate spray residues from apples and pears so they could meet domestic and export tolerances.

1928 USDA issued, in January, regulations on inspection and certification of dressed poultry and domestic rabbits.

1928 Under authority of the U.S. Warehouse Act, the first U.S. grade standards for processed fruits and vegetables were issued for canned corn, canned peas, and canned tomatoes.

1928 Standard Container Act of 1928, approved May 21, established standard capacities for hampers and baskets for agricultural products, supplementing Standard Container Act of 1916.

1928 Wool Standards Act was approved May 18.

1929 Tobacco Stocks and Standards Act, approved January 14, authorized collection and publication, quarterly and annually, of statistics on tobacco by types and grades.

1930 Perishable Agricultural Commodities Act, approved June 10, prohibited unfair and fraudulent practices in marketing in interstate commerce of fresh and frozen fruits and vegetables and cherries in brine, and authorized licensing of dealers and others handling these commodities.

1930 Research work was started on use of fumigants to prevent insect damage to grain in storage.

1931 Federal meat grading service was extended to include lamb and veal.

1931 Canned Fruit and Vegetable Inspection Service (later changed to Processed Foods Inspection Service) was established in the Bureau of Agricultural Economics.

1932 Official standards were established for grading cottonseed.

1932 Congress authorized transfer of 40 million bushels of Government-owned wheat to Red Cross for donation to families on relief. Surplus foods also were distributed on a limited basis for use in providing free school lunches.

1932 USDA issued regulations in December on sampling, grading, and grade labeling of butter, cheese, eggs, poultry, and domestic rabbits.

1932 USDA reported on extensive research in use of carbon dioxide for retarding decay of fruits and vegetables (this led to the practical use of this method of protecting fruits in transit.)

1933 The Commodity Credit Corporation was established September 22.

1933 The Federal Surplus Relief Corporation (changed to Federal Surplus Commodities Corporation in 1935) was established October 4 to purchase agricultural commodities for distribution to the unemployed and their families. Hogs were purchased and processed to help maintain farm prices, and resulting pork products were distributed through welfare agencies to needy families on relief.

1933 Agricultural Adjustment Act of 1933 authorized system of licenses for milk distributors.

1933 Export Apple and Pear Act, approved June 10, required that these commodities for export be inspected for compliance with export grade specifications.

1933 Suter-Webb cotton fiber measurement was invested. (This became used worldwide. Public service patent was granted to USDA.)

1935 Under Section 32 of the Act of August 24, 1935, the Department instituted a direct purchase and distribution program. The surplus foods acquired were distributed to needy people in charitable institutions and family units and for use in free school lunches.

1935 USDA began its first study (in Philadelphia) to bring about improvement of city wholesale food marketing facilities.

1935 The Packers and Stockyards Act was amended August 14 to authorize, in areas designated by the Secretary, regulation of live poultry handling in a manner similar to regulation of livestock market agencies and dealers.

1935 Agricultural Adjustment Act of 1933 was amended to provide for marketing agreements and orders, instead of licenses, on milk.

1935 The Tobacco Inspection Act, approved August 23, authorized official standards and marketing services for tobacco.

1935 Citrus maturity studies were stated by USDA. (These became the basis for standards in the 1949 Florida Citrus Code, which has resulted in better quality Florida citrus fruits on the market.)

1935 Procedures were developed for fumigating food, feed, and stored tobacco in vacuum and atmospheric vaults to prevent insect contamination and damage.

1937 Smith-Doxey Amendment, approved April 13, to Cotton Statistics and Estimates Act of March 3, 1927, authorized free cotton classing and market news services for groups of farmers organized to promote cotton improvement.

1937 Agricultural Marketing Agreement Act of 1937, approved June 3, authorized marketing agreements and orders and regulation of imports of certain commodities that are under these orders.

1937 Act of June 28, 1937, placed Federal Surplus Commodities Corporation in the Department of Agriculture and continued authorization to purchase and donate surplus commodities. Surplus Marketing Administration was established.

1938 Agricultural Adjustment Act of 1938, approved February 16, authorized the Secretary of Agriculture to file complaints with Interstate Commerce Commission with respect to freight rates affecting farm products.

1939 The first Agricultural Marketing Service was established by Secretary's Memorandum July 7.

1939 The Department announced a special program to expand school feeding through use of surplus foods, distributed on basis of number of needy children served.

1939 The first Food Stamp Plan was inaugurated May 16.

1939 The U.S. Supreme Court issued in June, a decision establishing the legality of the principal provisions of milk marketing orders.

1939 Federal Seed Act, approved August 9, required truthful labeling of agricultural and vegetable seeds in interstate commerce and prohibited importation of low-quality seed and screenings.

1939 The first trust fund was established for financing voluntary grading and inspection programs.

1939 The first U.S. grade standards were issued for a frozen product--frozen peas.

1940 A school penny milk program (under Section 32) was approved by the Secretary of Agriculture May 28.

1940 The Surplus Marketing Administration was established June 30.

1940 A Cotton Stamp Plan was inaugurated.

1940 Tobacco Seed and Plant Exportation Act, approved June 5, prohibited exportation of tobacco seed and plants except for experimental purposes.

1940 U.S. Grain Standards Act was amended to include soybeans as a grain.

1941 Amendment approved April 7, to Cotton Statistics and Estimates Act of March 3, 1927, authorized cotton fiber tests and small-scale spinning tests to promote quality improvement, orderly marketing, and better varieties.

1942 Agricultural Marketing Service and Surplus Marketing Administration were merged under the Agricultural Marketing Administration February 23.

1942 Agricultural Marketing programs were consolidated under the Food Distribution Administration of the Department of Agriculture December 5.

1943 Marketing and distribution programs were placed under War Food Administration April 19.

1943 USDA developed the first insect-resistant treatment for packages for food, feed, and seed.

1943 Food Stamp Plan and Cotton Stamp Plan operations were suspended.

1943 The Department inaugurated a cash reimbursement program (using Section 32 funds) to pay for part of the food purchased locally by schools for the lunch program; also, the penny milk program was merged with the school lunch program.

1944 The Congress authorized a specific amount of Section 32 funds for operation of the school lunch and milk programs and provided that such activities be carried out without regard to the existence of a surplus.

1944 Developmental work was started on use of DDT and other chlorinated hydrocarbon insecticides as moth proofing treatments for wool fabrics.

1945 Activities of the War Food Administration were returned to the Department of Agriculture July 1.

1945 Marketing and distribution programs were placed in USDA's newly organized Production and Marketing Administration August 18.

1945 The Abundant Foods Program (now Plentiful Foods Program) was developed.

1946 National School Lunch Act, approved June 4, authorized assistance to States, through grants-in-aid and other means, in establishing nonprofit school lunch programs to "safeguard the health and well-being of the Nation's children, and encourage the consumption of nutritious agricultural commodities and other food."

1946 Agricultural Marketing Act of 1946, approved August 14, provided for integrated administration of marketing programs, scientific approach to marketing problems, and basic authority for major functions of

Agricultural Marketing Service including marketing research, Federal standards, grading and inspection services, market news services, market expansion, consumer education, matching fund program with States, and others. Authority to engage in transportation matters before regulatory agencies was broadened.

1948 Grain Aeration systems were adapted to the forced-distribution application of fumigants to large bulk-grain storages for more effective and economical control of stored-grain insects.

1949 Agricultural Act of 1949, approved October 31, provided (through Section 416) for additional domestic disposition of surplus agricultural commodities and for donations to needy persons abroad through U.S. voluntary relief organizations.

1951 Federal Civil Defense Act, approved January 12, authorized defense planning activities under which Production and Marketing Administration (later Agricultural Marketing Service) was given responsibility for food management functions following an enemy attack on this country.

1952 USDA studied effect of chilling temperatures on tomatoes. (This led to use of moderate temperatures in transportation of tomatoes and resulted in better ripening and less decay.)

1953 Agricultural Marketing Service was established November 2 and absorbed marketing research, regulatory, and service functions of Production and Marketing Administration and marketing research functions of Agricultural Research Service.

1953 First National Marketing Service Workshop was held in Louisville, Ky., following several years of conducting regional workshops.

1953 USDA demonstrated use of light transmittance for detecting blood spots in eggs. (The same principle was later applied to detection of hollow heart and black spot in potatoes, water core in apples, and changes in ripening.)

1954 The Agricultural Trade Development and Assistance Act of 1954 (Public Law 480), approved July 10, revised Section 416 of the Agricultural Act of 1949 to permit donations of price support commodities to intergovernmental groups, as well as to U.S. private welfare agencies, for the relief of needy persons outside the United States.

1954 The Special (School) Milk Program was established under the Agricultural Act of 1954, approved August 28, which provided authority to use funds of the Commodity Credit Corporation to increase use of fluid milk in schools.

1956 Special Milk Program was extended by the Congress and enlarged to include nonprofit summer camps, orphanages, and other child-care institutions.

1956 Agricultural Act of 1956, approved May 28, authorized donation of surplus agricultural commodities to Federal penal and correctional institutions and to State correctional institutions for minors.

1956 U.S. Grain Standards Act was amended to make it unlawful to sample grain improperly and to cause or attempt to cause the issuance of a false or incorrect certificate of grade by deceptive loading, handling, or sampling or by submitting grain for inspection knowing that it had been so loaded or sampled.

1956 USDA developed protective bulk treatments for grain and farmers' stock peanuts to prevent insect attack during storage.

1957 Poultry Products Inspection Act, approved August 28, required Federal inspection of all poultry products in interstate commerce. (Act became fully effective January 1, 1959.)

1957 Engineering research studies were made on peanut grading. (This led to development of the mechanized grading system now in use for mandatory inspection.)

1958 Public Law 85-909, approved September 2, amended Packers and Stockyards Act by broadening it to apply to all stockyards, market agencies, and dealers handling livestock in interstate commerce. The amendment restricted the application of the Act to packer activities in connection with livestock, meat, meat food products, poultry, and poultry produts, whereas previously all packer activities were covered.

1958 Federal Seed Act was amended to require labeling to indicate when seed was treated and to provide for warning statements.

1960 Export Grape and Plum Act, approved September 2, required that these commodities for export be inspected for compliance with export grade specifications.

1961 The President authorized inauguration of an experimental Food Stamp Program and established eight pilot projects.

1961 Agricultural Act of 1961 provided continuing authority for Special Milk Program and for shift in source of funds from the Commodity Credit Corporation to regularly appropriated funds.

1961 Agricultural Act of 1961 authorized Secretary of Agriculture to establish marketing agreements and orders on a wider range of farm products with producer approval.

1961 Agricultural Appropriations Act of 1962 authorized an experimental program of special commodity assistance to needy schools in local areas of poor economic conditions.

1962 Food Stamp Program was expanded to permit pilot projects in total of 42 areas.

1962 The National School Lunch Act was amended to relate allotment of cash funds to pupil participation, to authorize an appropriation to provide special assistance for lunch programs in needy schools, and to extend program to American Samoa.

1913 ★ 50 YEARS ★ 1963
USDA
AMS
OF MARKETING SERVICE